

Exploring the viability of independent podcasting as an advertising channel

Tadeas Sterba

Author(s) Tadeas Sterba	
Degree programme Degree programme in international business	
Report/thesis title Exploring the viability of independent podcasting as an advertising channel	Number of pages and appendix pages 30 + 1
<p>Podcasting, and independent podcasting alongside it, is a quickly growing form of content consumption. Millions of people across the world listen to podcasts every day. The audience is large, curious and tech-savvy segment of our population well suited to be advertised to.</p> <p>This thesis aims to explore how viable podcasting is as an advertising channel. The current state of podcasting and podcast advertising is studied, and the expected future developments are considered.</p> <p>Secondary desktop research is conducted for the purpose of the study. Available sources and studies are consulted. Based on this research, a first assessment is given. The study also involves primary research in the form of qualitative interviews with podcasters and companies currently utilizing podcasting as an advertising channel. This research aims to further deepen the understanding of the current situation and confirm or disprove assumptions made during the secondary research. Finally, a focus group discussion is held with podcast listeners to provide a look at the issues at hand from the consumer point of view.</p> <p>The conclusion offers a clear answer to the research question as well as recommendation for advertisers potentially interested in podcast advertising. Independent podcasting is found to be a viable advertising channel. It is very effective at convincing consumers to act on the advertising they hear. This is in big part due to the trust listeners have towards the podcast host.</p>	
Keywords podcasting, advertising channels, targeted advertising, performance-based advertising	

Table of contents

1	Introduction	1
1.1	Background.....	1
1.2	Research Question	1
1.3	Demarcation	2
1.4	International Aspect	3
1.5	Benefits.....	4
1.6	Key Concepts	4
1.7	Risk Analysis	4
2	Theoretical Framework.....	6
2.1	Digital (Online) Advertising.....	6
2.2	Performance-based Advertising	6
2.3	Segmenting, Targeting, Positioning (STP) Model.....	7
3	Research Methods	9
3.1	Desktop Research	9
3.2	Qualitative Research.....	9
3.3	Email/Skype Interviews	9
3.3.1	Podcasters	10
3.3.2	Companies Utilising Podcast Advertising	10
3.4	Focus Group Discussion	10
3.5	Visualization of Research Process	11
3.6	Reliability and Validity of the Research	12
4	Research Findings and Discussion	13
4.1	Desktop Research Results.....	13
4.2	Qualitative Research Results	20
4.3	Research Process Summary.....	26
5	Conclusion	27
5.1	Key results	27
5.2	Recommendations	28
5.3	Learning and Reflection	28
	References	29
	Appendices.....	31

1 Introduction

The purpose of this chapter is to explain what the research question (RQ) and the individual investigative questions (IQ) are, why is it interesting topic for the author and other interested parties, how will it be researched and finally what are the benefits of the thesis.

1.1 Background

Podcasts have been around for more than a decade now, but only recently exploded on to the scene as illustrated by the success of “Serial” a crime podcast that quickly became the most listened to and downloaded podcast ever, it has been downloaded over 40 million times (Shannon Bond 2015.) In 2017 in the USA alone 67 million people over the age of 12 listen to a podcast on regular basis that is 24% of population older than 12. This is 3% more than previous year (Edison Research & Triton Digital 2017.)

Seeing as podcasting is a growing phenomenon as a new media channel, it is also increasingly becoming a more attractive opportunity for marketers. Podcasting ad spend in the USA will be \$243 million in 2017 (Bridge Ratings 2017.) This number is expected to grow rapidly in following years.

Why this this topic for a thesis? Together with my general curiosity for a topic perhaps not so well researched yet, it was simply because I am an avid podcast listener and have been for several years. As a student of business, I have always seen the potential in podcasting as an advertising channel. And this thesis could be a perfect tool to see whether my hunch was just a hunch and there is not much to it, or if perhaps podcasts could really be used as an attractive advertising tool.

1.2 Research Question

This thesis aims to explore podcasting as an advertising channel. Following are the formulations of research question (RQ) and Investigative questions (IQ)

RQ. Exploring the viability of independent podcasting as an advertising channel.

IQ1. What is the podcasting environment like from the business perspective right now and what are the expected developments in near future?

IQ2. What is current advertising situation in podcasting?

IQ3. Is podcasting effective at targeting specific audiences?

Table 1 shows the overlay matrix in which we can see theoretical framework and concepts used for each investigative question, method of research and finally in which chapter of the thesis we can find the results.

Table 1. Overlay Matrix

Investigative Questions (IQs)	Theoretical Framework	Method	Results
IQ 1 What is the podcasting environment like from the business perspective right now and what are the expected developments in near future?	Theory: Advertising channels, data analysis, forecasting Concepts: Podcasting	Desktop research, Qualitative interviews	Chapter 4 – Findings and Discussion
IQ 2 What is current advertising situation in podcasting?	Theory: Market analysis. Performance based advertising Concepts: Key performance indicators	Desktop research, Qualitative interviews, focus group discussion	Chapter 4 – Findings and Discussion
IQ 3 Is podcasting effective at targeting specific audiences?	Theory: Customer segmentation Concepts: Segment targeting, channel effectiveness	Desktop research, qualitative interviews, focus group discussion	Chapter 4 – Findings and Discussion

1.3 Demarcation

Unless there is a specific need for a comparison or to illustrate a point I won't be researching other advertising or media channels. This thesis solely focuses on podcasting.

Direction of communication in this thesis is mainly B2B, however consumers (in this case listeners) are explored especially in IQ3. Is podcasting effective at targeting specific audiences?

Desktop research is conducted and relies on statistics and facts. In addition to that qualitative interviews with both podcasters and companies who are advertising in podcasts is conducted. Finally there's focus group discussion with podcast listeners.



Figure 1. Demarcation of key concepts.

In Figure 1 demarcation or narrowing down of my key concepts is displayed. If I am to explore the viability of independent podcasting as an advertising channel, I should first start with a general theory on digital marketing. Podcasting is a digital channel therefore the next logical step is to focus a little more on digital channels. But that is still not the narrowest point of the thesis. Podcasting and specifically independent podcasting is.

1.4 International Aspect

Podcasts can be listened to and downloaded all over the world. If they are used for advertising, listeners will hear the advertisement whether they download the podcast in Finland

or the UK. I myself have purchased a product that I only heard about while listening to US podcast. This thesis is mainly international in its span.

1.5 Benefits

The benefits for companies and marketers should be more detailed look on perhaps by them previously unexplored advertising channel. It could help them assess whether this is something they would consider for themselves. Findings of this thesis could give businesses an edge over the competitors who might have not considered podcasting for advertising yet.

1.6 Key Concepts

Podcast – A program (as of music or talk) made available in digital format for automatic download over the Internet (merriam-webster 2015.) Today when people require everything on demand to fit their time needs and desires, podcasts are the natural evolution of radio programs. They are convenient to be listened to at any occasion which used to be downtime. Podcasts are a great alternative to music.

Cost per advertising impression (CPI) or Cost per thousand advertising impressions (CPM) – Is used to show how much a particular form of advertising costs to reach one thousand viewers, readers etc. (financial times 2015.) CPM is a good indicator to assess reach in advertising.

Advertising channel – Media channel used in promotional campaign (business dictionary 2015.) There are increasingly more viable media channels used for advertising as a result of technological advancement, podcasting being a prime example.

1.7 Risk Analysis

The greatest risk is there not being enough relevant sources. Podcasting is not as well researched compared to some other digital channels. This means there are challenges to overcome during the research part of the thesis. There seems to be considerably more facts and figures available for US market. It will therefore be used as a model market for the thesis. However, it appears that trends in the US market are very similar with the ones in European markets. While there may not be as much data available for European markets, the data that is indicates key similarities.

To further mitigate the possible lack of source, podcasters and marketers are contacted for qualitative interviews. From that stems another risk, their unwillingness to cooperate. The reason qualitative interview was chosen is to mitigate this particular risk, even few marketers and podcasters should suffice in providing all the data needed. The combination of desktop research and qualitative research should assure a complete overview of the problems studied in this thesis.

2 Theoretical Framework

This chapter focuses on the key theories, models and concepts that help set a framework on which the desktop research and the qualitative research are conducted.

2.1 Digital (Online) Advertising

The world's population is interconnected on a never before seen level. We are all just few mouse clicks or thumb swipes away from any information we desire. This digital space everyone operates on is also a great advertising opportunity for marketers.

That's where digital advertising comes in. Any advertising done online is digital advertising. It is done through social media, display ads, email, pay per click, video, podcasting as well as many other sources. Utilizing three main channels, mobile, tablet and desktop (laptops and PC) (McStay 2016, 26). Digital advertising is the fastest growing in the industry based on ad spend. The growing trend is expected to continue (Statista 2017.)

All following theories and models will fall under digital advertising, which is a massive all-encompassing topic. The following concepts serve as a more detailed look at only the parts of digital advertising that directly relay to this thesis.

2.2 Performance-based Advertising

Well utilized in the online and podcasting world. This form of advertising means the purchasing party only pays for actual results rather than flat upfront fee. This is possible because of on the internet most actions are easily tracked and measurable. The three most relevant pricing models for this type of advertising are:

CPC (Cost Per Click)

Purchaser pays for each time an ad is clicked. Usually it means purchaser pays for traffic as clicking on such add will send the user to purchaser's website. This may be from a display banner, AdWord in search engine results, ad in a youtube video or any other source on the internet. Big advantage of CPC model is that purchaser only pays for the ads that generated click (Johnston 2013.) This model is very commonly used with Google AdWords.

CPA (Cost Per Action)

Also known as cost per action. This pricing model in a way expands on the CPC model. In this case purchaser of the ad only pays for clicked ads that generated a specific action. This may be for example purchasing product, subscribing to email list or any other desired action. CPA is even less riskier than CPC for advertisers as they only pay for a desired action (Johnston 2013.)

CPM (Cost per Thousand Advertising Impressions)

Advertiser pays for every 1000 impression an ad has. Every time the ad is displayed for a visitor or played in case of video or audio counts as an impression (financial times 2015.) Google display advertising utilizes this pricing model.

In podcasting CPM pricing model is the model most commonly used. Every time an ad is listened contributes as an impression. Sometimes a combination of CPM and CPA models can be used, where podcaster is also paid if listeners take a certain action after listening to an ad. This is usually tracked by looking at promotional codes used while making a purchase.

2.3 Segmenting, Targeting, Positioning (STP) Model

STP is one of the most used marketing models today. It helps marketers to deliver the right message to the right audience. (Hanlon 2017.) With targeted advertising comes increased effectivity of advertising efforts. There is large amount data available for marketers for analysis in the digital age. Correctly developing marketing strategy is crucial and STP model is a very useful tool.

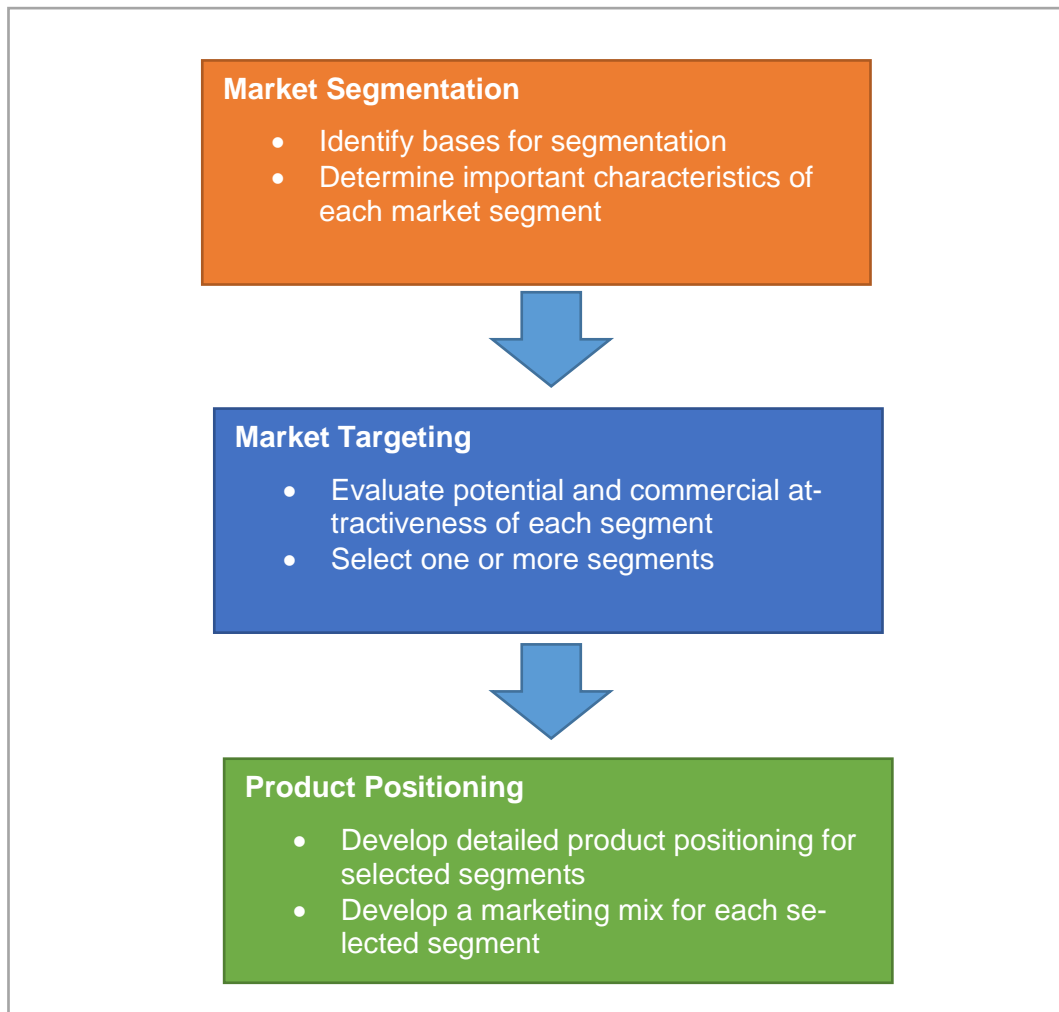


Figure 2. STP model diagram. Recreated from Hanlon (2017)

Figure 2 shows a possible application of the STP model. In first step the market is segmented. This could be anything depending on the product needs. From demographic segmentation by age, gender or locality to purchasing behaviour and history. In next step, once market is properly segmented, each segment is evaluated based on its commercial attractiveness. Once the segments are evaluated one or more are selected for product positioning, the last step. Marketing mix is developed for each selected segment. By targeting the most appropriate segment effectivity of marketing efforts is assured.

3 Research Methods

This chapter focuses on the types of research methods used in the thesis. What is the relevant information that is needed and who shall provide it? Reasoning for this and other points regarding research methods will be discussed here.

3.1 Desktop Research

To define what we may consider a viable advertising channel, desktop research and consultation of sources is done. When proven difficult or existing sources are not satisfactory. Qualitative interviews help to fill in the gaps. Desktop research will be utilized in answering all investigative questions. The goal is to achieve a thorough understanding of the issues at hand.

Mostly used will be high quality online sources, to my understanding there is not much in terms of literature that is concerned with podcasting yet. However, I do not believe that will cause the information to be less viable or reliable as I am steering clear of fringe online sources and focus on the reputable ones.

3.2 Qualitative Research

Based on the specific research methods chosen qualitative research approach in this thesis is used to collect data and information as well. In combination with desktop research the assumption is that there will be enough information for in-depth analysis and clear answer to all investigative questions and research question.

3.3 Email/Skype Interviews

Secondary sources are useful but to completely understand the situation a decision has been made to conduct primary research in form of qualitative interviews as well. These interviews are conducted via email and skype conversation. In this part of the research two main groups have been approached:

3.3.1 Podcasters

Podcasters are approached via email, as most of the podcasters approached operate in North America or United Kingdom. The goal is to set up a skype interview during which all matters can be discusses thoroughly and at length.

Mainly approached are podcasts that I am familiar with and listen to. There is a rational behind this decision. I have been in correspondence with some of these podcasters in the past and I believe it may further increase the response rate if they know this request is coming from a listener of their podcast.

3.3.2 Companies Utilising Podcast Advertising

Companies that advertise their product or service on podcasts are similarly to podcaster approached via email. If possible, marketing department is contacted directly. Perhaps even more so than with podcasters I must be wary of the time of person responding to my email to maximize the response rate. Additionally, it is important not to ask for any confidential or detailed financial information. The goal is to set up skype interview.

As with the podcasters contacted the selection of the companies is based on pre-existing knowledge. If, however response rate somehow seems insufficient further research into which companies might be advertising their services and products on podcasts will be conducted.

3.4 Focus Group Discussion

Small group of podcast listeners will be moderated in a discussion about the topic. This provides high level understanding of the customer views. Just as with the email/skype interviews this discussion is designed in a way to answer the investigative questions and in turn the research question.

Participants of the focus interview are selected based on several conditions such as: Being regular listener of a podcast, having previously bought a product or service based on an advertising in podcast (for some) never purchasing anything based on advertising in podcast (for others).

3.5 Visualization of Research Process

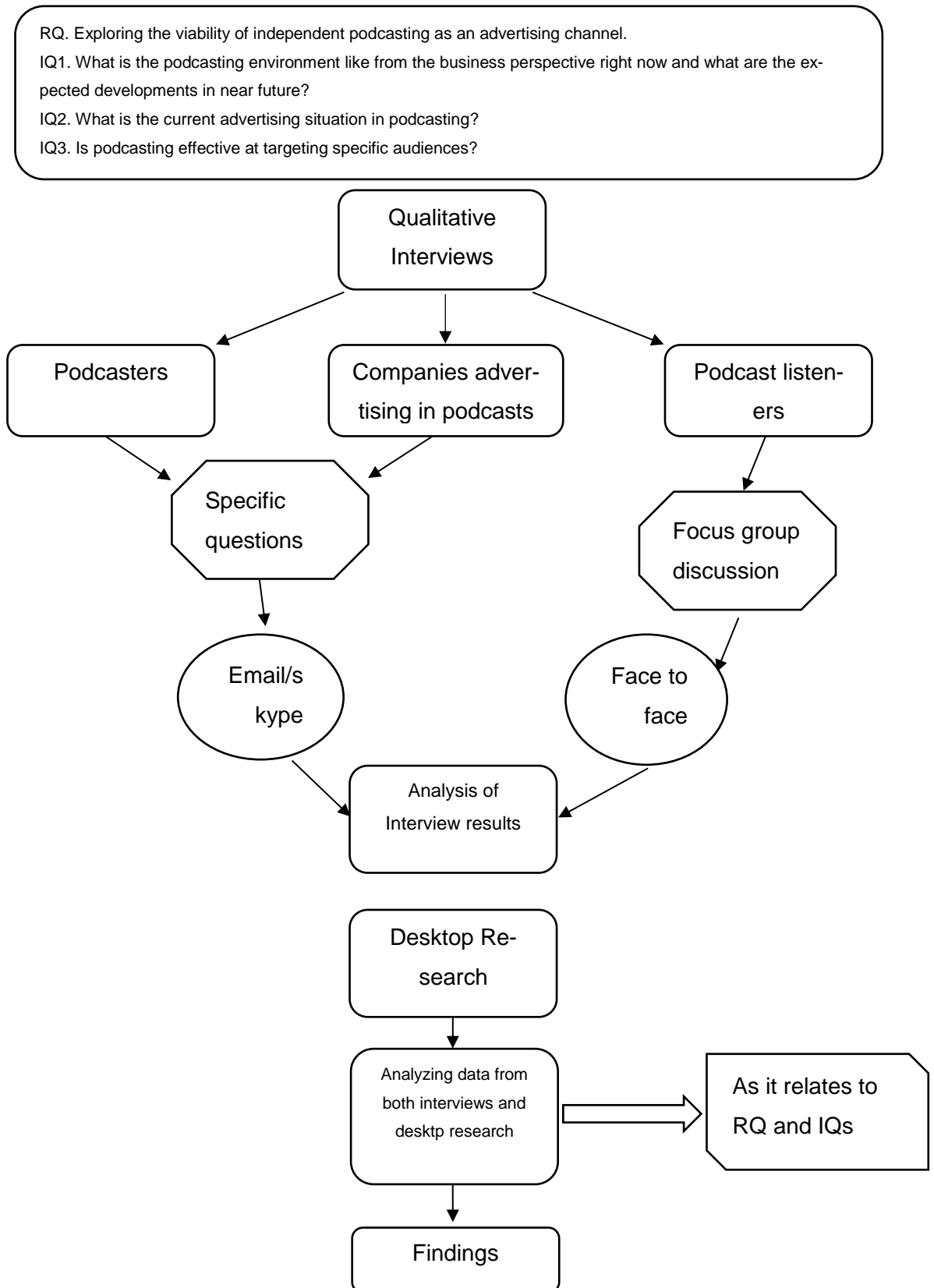


Figure 3. Visualization of research process

3.6 Reliability and Validity of the Research

Maximum effort is placed on reliability and validity of this thesis. When it comes to the desktop research this will be assured by usage of relevant high quality and reliable sources. Desktop research clearly and directly relates to investigative questions or the research question.

There is a potential risk that qualitative research may not provide the exactly same results if replicated. This is due to a limited sample size of podcasters, companies or consumers interviewed. This risk is mitigated by having in-depth discussion and my relying on both desktop study and qualitative research equally.

4 Research Findings and Discussion

As per the research question this thesis aims to determine whether independent podcasting can be a viable marketing channel. This is done through careful selection and then answering to three investigative questions. Contained in this chapter are the research findings and answers to all investigative questions.

All research has been conducted ethically. Per wishes of the podcasters and companies a decision has been made to not use names in the findings.

4.1 Desktop Research Results

This subchapter shows the finding of the desktop study as it relays to each investigative question. A lot of valuable and accurate data is available thanks to Edison Research and their Infinite Dial research (Edison Research & Triton Digital 2017). This study will be heavily relied upon in this chapter. While being focused on the population of USA it is to authors knowledge the most comprehensive and valid research when it comes to podcasting and as such an excellent source for this thesis. In fact, most other sources found during the desktop research refer to the Infinite Dial Study.

To cite at least some European sources: In the United Kingdom podcasting is growing and 4,7 million adults mostly aged 25-54 have listened to a podcast (Russel 2017.) As seen here, the trends are similar outside of the US as well. For the purpose of this thesis and for the availability of the most accurate data there, we will focus mostly on the US market and make an assumption the findings can be applied in Europe as well.

Following is look at desktop research results for each investigative question.

IQ1. What is the podcasting environment like from the business perspective right now and what are the expected developments in near future?

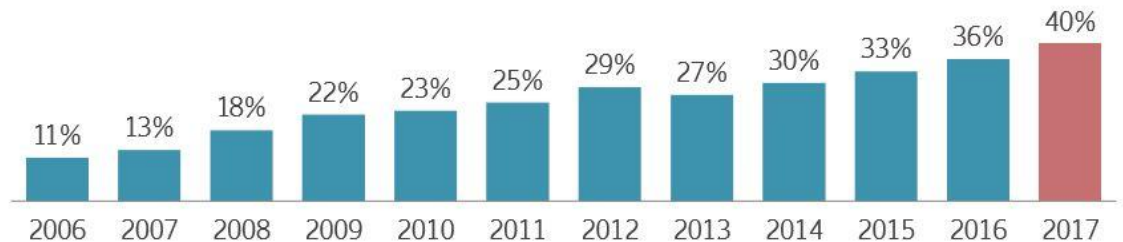


Figure 4. Percentage of total US population aged 12+ who ever listened to a podcast (Edison Research & Triton Digital 2017, 40.)

As illustrated in Figure 4 in 2017 40% of the US population aged 12 or more has listened to a podcast at some point. That is estimated 112 million (Edison Research & Triton Digital 2017.) Figure 4 also clearly illustrates the growing trend. Apart from 2013 where a small dip is visible the podcast audience have grown every year. From this we can assume with a decent certainty that this trend will continue and the podcast audience will continue to grow in the following years.

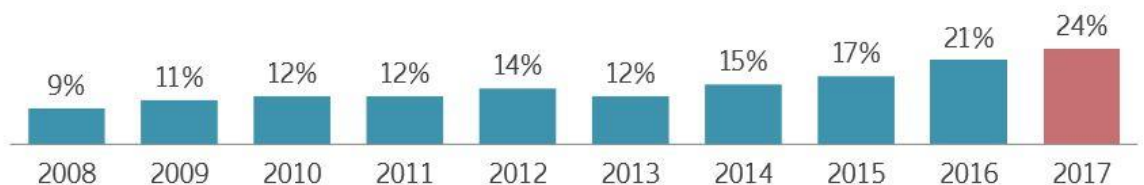


Figure 5. Percentage of total US population aged 12+ who are monthly podcast listeners (Edison Research & Triton Digital 2017, 41.)

Visible in Figure 5 is that 24% of US population aged over 12 listens to a podcast every month and can be considered a regular consumer of podcast content. Clearly displayed is a growing trend. Estimated 67 million regular listeners in 2017 (Edison Research & Triton Digital 2017.) is a sizable market that we can estimate will continue growing based on the trajectory established during the last decade.

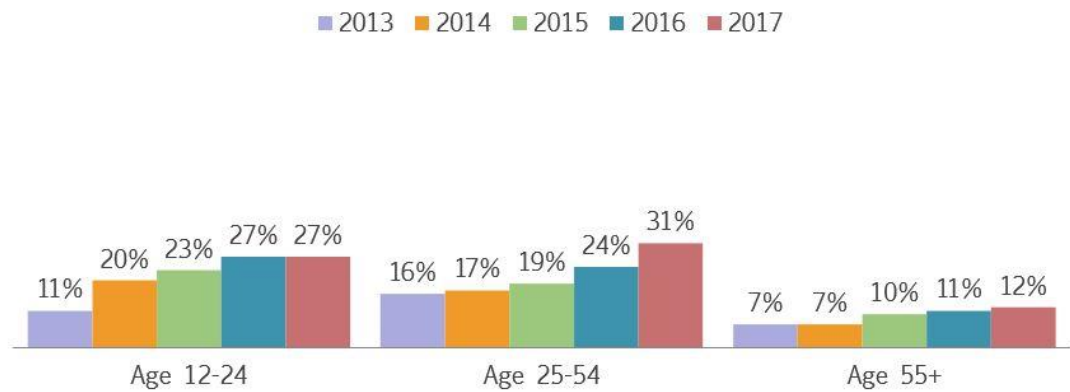


Figure 6. Percentage of monthly podcast listeners over last 5 years based on age group (Edison Research & Triton Digital 2017, 43.)

Observable in Figure 6 is percentage of monthly podcast listeners based on the age group. Further we can see the development for each age group over the last 5 years. People in the age group 25-54 are the fastest growing market, growing by 7% from 2016 to 2017. With 31% of people in this segment it also appears to be the largest market. The age group of 12-24 is not far behind however with 27% of population in that segment being monthly podcast listeners. Finally, in the population aged 55 and more only 12% of people are monthly podcast listeners, but even in this age group the listenership is growing by approximately 1% a year. Based on this observation we can assume that growing trend will continue in the near future as well.

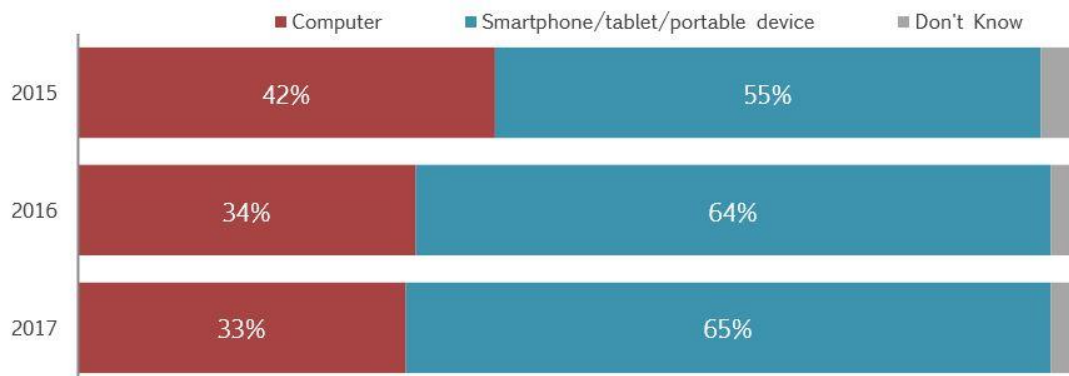


Figure 7. Device used most often to listen to Podcasts (Edison Research & Triton Digital 2017, 46.)

Figure 7 shows which device is used most often to listen to podcasts. Unsurprisingly smartphone and other portable devices have the biggest share with 65% in 2017. Growing 1% from 2016 but full 10% from 2015. This is likely to the convenience of listening on the go. And especially due to the growth of smartphone ownership worldwide. The number of

smartphone users in 2019 is expected to be 2,5 billion. Which is increase of 400 million from 2016. (statista 2017.)

We have broadly established that the expected future of the market shows signs of continuous growth. It is time to look more closely at a podcast listener. About 56% of podcast listeners are male, which leaves 44% female. On average podcast listeners are more likely to be wealthier when compared with general population as well as being more educated (Grinapol 2017.) For advertising purposes this is positive news as advertisers can target people with more disposable income.

Podcast listeners also make up higher percentage of social media users but also a higher percentage of people who follow companies and brands on social media (Grinapol 2017.) This makes the segment of podcast users even more attractive audience for advertising as they are easily approachable and seem to be showing interest in brands organically when compared with general population.

To answer the first investigative question. The podcasting environment appears to be ripe for advertisers. It is growing and can be expected to continue to grow. It is extremely popular mainly with younger tech savvy population that is approachable through modern advertising channels. And the audience is more likely to be wealthier population with more disposable income.

IQ2. What is the current advertising situation in podcasting?

A good reason why podcast advertising could be great alternative to more traditional digital channels is the ineffectiveness of these channels. Digital display advertising, or simply use of text, images, video or audio ads online (Stec October 2017.) has been surprisingly ineffective. The average click through rate of display ads has been 0,06% across all formats. And adblocking grew by 41% in a span of 12 months (Stec October 2017.) In short people tend to ignore online ads be it in-app or when visiting a website. We are bombarded by advertisement every time we set foot online so it is not so surprising to see more and more people turn to ad blocking software. All this however means that traditional channels are less effective and use of new advertising channels could partly solve this problem for companies struggling to advertise in the digital world. Podcasting could be such channel. Skipping adds manually by fast forwarding over them is inconvenient and there are no automatic ad blockers for podcasts, so consumer will actually hear the ad.

Podcasting indeed seems to be gaining attractivity as an advertising channel. According to Bridge Ratings podcasting audit study, podcasting ad spend in the USA will be \$243 million in 2017 and by 2020 is forecasted to be \$534 million (Bridge Ratings 2017.) Companies and marketers alike are recognizing that podcast advertising are uncharted waters. By all accounts it is a rapidly growing market though, seeing as the ad spend is expected to double in the next three years. Advantage may be gain from establishing your brand awareness in this channel. And from my own experience I may indeed say I recognize this trend. During years of listening to podcasts I can clearly identify several companies and brands that are reoccurring podcast advertisers across multiple topically unrelated podcasts. In the community these companies have gained strong brand recognition.

Podcast advertising is as much as 5 times more effective than website advertising (advertisecast 2017.) As much as 75% of podcast listeners take action on sponsored message. It is as if the host has a direct conversation with the listener and as such the message tends to be much more persuasive (Main 2016.)

Pricing for podcast advertising varies based on many factors, such as popularity of the podcast. However, an approximate for cost per 1000 advertising impressions (CPM) is \$18 per 1000 listens for a 15 second pre-roll ad and \$25 per 1000 listens for a 60 second mid-roll ad (Siu 2017.) While these are comparatively high rates all sources agree that effectiveness is far above other digital channels. This is due to the engagement level of the audience. Podcasts are very engaging medium so consumers pay close attention to them, including the ads. Podcast listeners also tend to trust and respect podcast hosts of their favorite podcast and take their recommendations more seriously (Siu 2017.)

In summary the podcast advertising landscape is growing rapidly as more marketers and advertising companies realize the potential of the channel. Digital marketing as a whole is the present and the future so it only makes sense that all channels are being utilized. Additionally, podcasting appears to be a very effective digital channel for advertising. It brings unquestionable value for companies to reach very engaged, educated and tech-savvy audience.

IQ3. Is podcasting effective at targeting specific audiences?

Some look at basic listener information has already been provided while analyzing previous investigative questions. What follows is a closer look and some more segmentation.

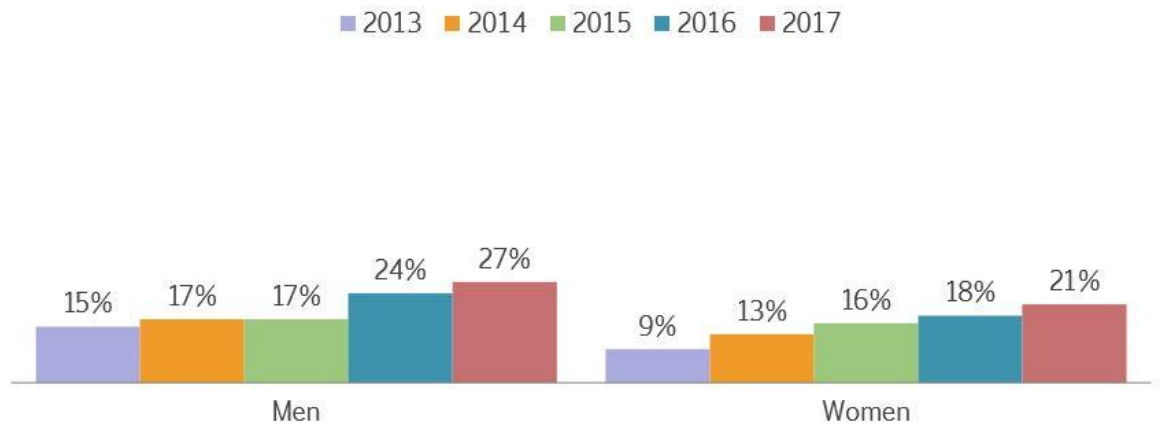


Figure 8. Percentage of monthly podcast listeners aged 12+ over the last 5 years based on gender (Edison Research & Triton Digital 2017, 43.)

Displayed in Figure 8 is what percentage of female and male population are regular podcast listeners. 27% of men older than 12 in the USA are regular podcast listeners while 21% of women aged over 12 are regular podcast listeners. While not a huge disparity between genders can be observed in this regard it is worth noting that men are slightly more likely to listen to podcast. Perhaps more interestingly interest in podcasting seem to be growing slightly faster in the male population segment. Back in 2015 the amount of men (17%) and women (16%) was nearly equal. Still important to point out that listenership is growing for both male and female population yearly.

Now that it has been established podcasting is popular for both genders we can state that both segments are targetable for advertising. In the days of digital analytics, it is not difficult for each podcaster to track if their audience is predominantly male or female. This information can be disclosed to potential advertising partners and provide immense help with targeting their product or service.

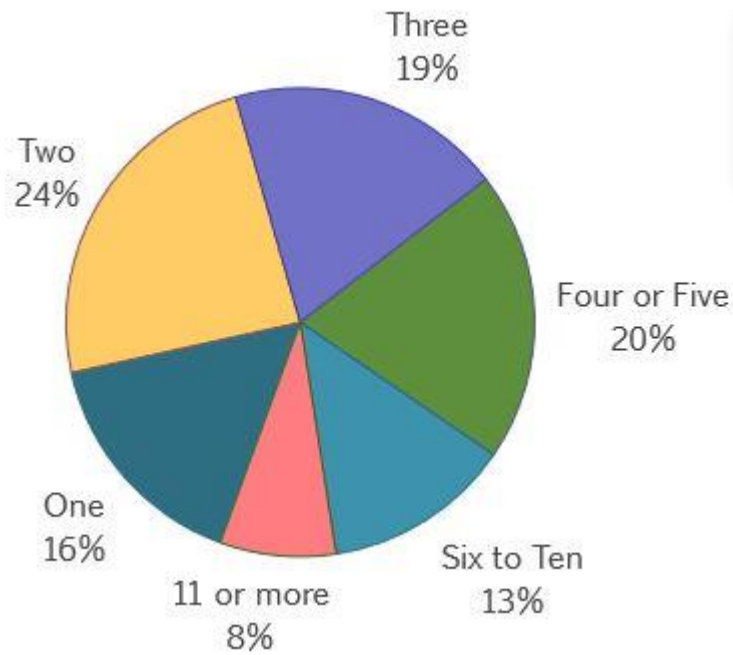


Figure 9. Number of podcast listened to by weekly podcast listeners during the last week. (Edison Research & Triton Digital 2017, 45.)

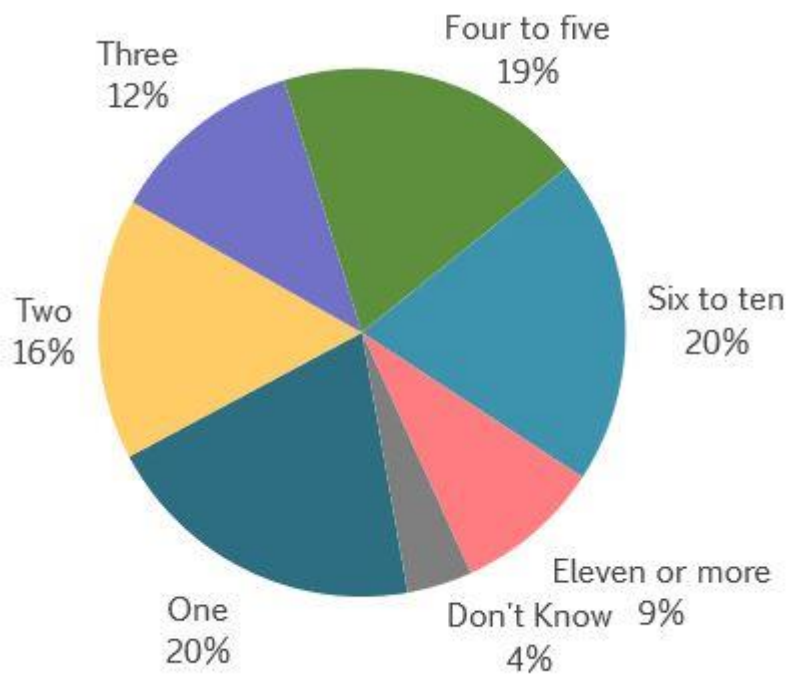


Figure 10. Number of podcasts subscribed to based on listeners that has ever subscribed to a podcast. (Edison Research & Triton Digital 2017, 52.)

Figure 9 shows how many podcasts are weekly podcast consumers listen to in a week. On average it is 5 podcast every week. Figure 10 provides information on to how many

podcasts people are subscribed, based on population that has ever subscribed to a podcast. People are subscribed to an average of 6 podcasts. There are number of applications used for podcast subscription, once a listener is subscribed a podcast, new episodes are downloaded automatically and user gets a notification. To put it simply subscribers are regular listeners of a specific podcast.

Based on Figure 8 and Figure 9 we can state that regular podcast consumers are very active and loyal segment. When targeting an audience based on the theme or topic of the podcast it therefore increases the likelihood the ad will be heard and with it also the brand awareness as the audience hears the ad on multiple occasions.

In summary podcasting is very well suited for targeting specific audiences. Targeted advertising efforts are much more effective and subjects of these ads are much more likely to buy (Reczek, Summers & Smith 2016.) Every podcaster is privy to statistical analysis of their listenership and will provide this information to marketers who can then decide on how to perfectly target their ads to the right audience.

4.2 Qualitative Research Results

In this subchapter look at the results of qualitative research is provided. Specifically, detailed look at the qualitative interviews with podcasters and companies currently advertising in podcasts. The results of focus group discussion are also analysed in this subchapter.

Qualitative interviews were conducted over skype with representatives of 2 companies and hosts of 2 independent podcasts. For the purpose of this thesis companies and podcast hosts will remain anonymous.

Interviews were made to answer the investigative question but rather than strict structure it was more flexible and organic interview. For each investigative question there were key points we would touch on. For the interview with the companies an ad of theirs from two different podcasts were played and they were asked for reaction.

Company 1 - operating mainly in the USA and Canada provides subscription and regular delivery of quality and low-price grooming accessories.

Company 2 - operating mainly in the USA and Canada is fantasy sports online platform

Podcast A - popular independent video game podcast

Podcast B – part of network (not independent) podcast focused on ice-hockey analysis

Focus group discussion consisted of 4 regular podcast listeners 2 of which have previously purchased something based on an ad they heard on a podcast. Topics do discuss were suggested. Topics that relate directly to investigative questions. From that point it was moderated discussion between the 4 participants.

Similarly, as in previous chapter we will look at qualitative research results one investigative question at a time.

IQ1. What is the podcasting environment like from the business perspective right now and what are the expected developments in near future?

This investigative question (IQ1) has been mainly answered in the desktop research part of the thesis, but we touched on the topic during the interviews as well. Following are summaries of the interviews with both companies and podcasters.

Qualitative interview – Companies

Both interviewed companies see the growth of the podcasting. One representative went even as far as to call it a surge when looking back at the time since they started advertising on this channel. It is not only the overall listenership but apparently also the number of podcasts. They don't see or expect this trend to slow down, but even if it did the space is already well developed

Qualitative interview – Podcasters

Download numbers and subscriptions have been steadily rising for both interviewed podcasters. Discussing the difference between the independent podcast and the podcast which is part of a network it appears there's difference at the start of podcasts lifecycle.

The network podcast host explained this works in a following way. The network podcast received an initial bump straight after its creation. Other podcasts on the network can promote new podcasts with their already established audiences. The hosts of these podcasts have built good relationship with their listeners so if they recommend another podcast, if topically similar, decent part of the listeners will try it out and eventually subscribe to the new podcast as well if they like what they hear.

Independent podcast host agreed that it is indeed how it tends to go. You may get lucky even as an independent podcaster though if you know other podcasters. He says that podcasting is not competitive field in a traditional sense, rather it is very friendly environment and hosts of different, even independent podcasts gladly recommend another podcast if they genuinely like them. Often there is a lot of cross-promotion when hosts visits as guests on another podcast. If, however a podcast is truly starting from nothing and without the connection they will have to put in the work and slowly build their own audience. This may take time and patience, but if the content is good the podcast will succeed.

The point of extremely friendly environment was confirmed by the host of the network podcast as well. In their view podcasting has been like that since they started with it. Generally, between podcasters it is not seen as a bad thing if another podcast is doing good. They speak more of comradery than competition. Both hosts in their way expressed that this friendly and genuine environment draws people in.

Neither host is worried about the future of their field to the contrary the independent host has started 2 other podcasts in the last year, co-hosting with other hosts.

Focus group discussion

The consensus feeling of the group was that there seems to be more and more interesting podcast worth subscribing to as time progresses. There's time limitations on how much you can listen to. They prefer podcast as a medium to consume content over because it allows them to multitask. Working out, commuting, doing house chores and even at work if won't interfere with work itself are all settings they enjoy listening to podcasts. One member said there is no more down time, whatever you do you can be entertained or educated at the same time, rest of the group shared this sentiment.

They believe the future of podcasting is very bright. Each of them has already gotten several of their friends or family member to listen to podcasts as well. So they expect the number of people who are in to it will only keep growing.

IQ2. What is the current advertising situation in podcasting?

The figures and statistics for this investigative question (IQ2) were studied in the desktop research part of the thesis. Companies and podcast host alike were unlikely to disclose real financial and internal information. But there were willing and able to discuss the situation from any other angle.

Qualitative interview – Companies

Company 1 has been advertising on and partnering with podcasts for several years now. At first, they would approach podcasters and podcasting networks themselves with proposal of partnership, now a lot of independent podcasters approach the company who has made it easy for them by adding such channel directly on their website. They claim that most sponsorships have had great returns on investment, sometimes surprisingly high. While CPM (cost per 1000 impressions) is considerably higher than traditional online digital advertising its effectiveness more than makes up for the difference. Without disclosing actual figures, they claim it has been the most effective channel for them. However, scalability could be an issue so it is important to be aware of the limitations.

When asked about difference between independent and network podcasts Company 2 says it indeed is a different approach. When working with networks more complex partnerships are worked out and often it is the company approaching the network. With independent podcasters it is usually simpler time limited deal and often it is the podcast producer who approaches the company. In this case decision is usually made based on subscription and download figures. If it is a podcast they are not aware of the company has a closer look at the content and host before affiliating themselves with the podcast.

Both companies have noticed that increasing number of companies are exploring podcasting as an advertising channel. On some popular podcasts this has already caused the price of ads to grow. This is also a trend they see to continue as more companies enter this space.

Qualitative interview – Podcasters

There is visible difference between being part of a network or a production and company and being independent podcaster. For the independent podcast host it was about getting large enough listenership to approach some companies for possible partnership. He knew which companies were using podcast advertising at first just based on his own experience from listening to different podcasts. As his audience grew he started being contacted by companies. He tries to keep the ads at acceptable level to stay listener friendly and only pick and chooses products he can personally recommend. He claims this is the practice with most podcast hosts he knows. If a new company approaches him they send sample of their product or provide sample of their service first.

For the network podcast host advertising is mostly based on the partnership his networking or production company has made. While he has some say in what ads are read on his show it is very limited compared to independent podcasts.

Focus group discussion

For this investigative question (IQ2) focus group was asked to freely discuss the state of advertising in podcast as they perceive it.

They can recognize that as some podcasts are growing in popularity, over time the amount of advertising increases which can be little annoying. It doesn't seem to be that big of an issue with factually based podcasts, interviews and topical shows. With more narrative driven and story podcasts it can be really immersion breaking if the ad appears in the middle of the show.

Everyone in the focus group agrees that they prefer if the ad is placed in the beginning or the end of the show, which is understandable. At the same time however all but one member of the focus group admit that they often skip the ads in the beginning of the show when they start playing podcast. If, however next podcast in the playlist starts playing and their listening device, mostly smartphone, is not easily reachable at that time they will listen to the ad in its entirety. According to all members of the group if ad appears in the middle of the show they always listen to it. They explained it as too much hustle to try to skip if you don't know exactly how much to skip and you don't want to miss out on any part of the show.

When asked about comparing podcast advertising to other advertising all members claimed it is not as annoying as TV or Youtube for example. They tend to trust their podcast host and they know it supports their favorite show so they can live with it. And if done correctly they are actually very interested in the ad (more on this in next IQ).

IQ3. Is podcasting effective at targeting specific audiences?

Insights from the companies and the focus group discussion is crucial in answering this investigative question (IQ3).

Qualitative interview – Companies

Both companies say that the segmentation available is one of the main draws. There's all the data available for each podcast but also the commons sense behind it, when it comes to the topic of each show. For example, Company 2 which offer fantasy sports platform online for their customers finds a lot of success advertising on sport oriented podcasts. Company 1 and their grooming and shaving product is targeted mainly at males so targeting shows with mainly male listenership is working for them. Even if the data is not available directly from the podcaster they say it is not difficult to figure out that listenership of podcast about combat sports for example will be largely male dominated. This is not to say there are no women listening but generally speaking it is a safe assumption to make, they ad. In both cases they believe that the targetability of the ads is one of the reasons why they perform so well. Speaking directly to your audience is invaluable.

When asked about the ads themselves, concretely how they are read. They said that mostly they are benevolent with the podcasters and trust them to know their audience and to know what would work. Still, they have certain points that must be said in the ad in its entirety and exactly as written. For some podcasters they provide a clear script to read, but they are open for it to be modified by the podcaster, which is mostly done by the independent podcast hosts who has is in direct contact with the company.

Most of the time the ad includes a special promotion code that customer uses when making a purchase, this allows the company to easily track success of each campaign. And by all accounts podcast campaigns are on average more successful than other digital marketing campaigns for both companies.

Focus group discussion

The members who have made a purchase based on podcast ad were asked if they to their knowledge bought something based on an ad before. Both say that they have not. They likened their purchase based on podcast ad to a recommendation from a friend. All members of the discussion group agreed that they purchase products on services based on recommendations regularly. When asked to expand and continue the discussion, they said some podcast ads really come of more as recommendation from a friend and that it very much depends on host. The ads that are clearly just a script the host reads rarely make a lasting impression, but when host clearly describes their own experience with the product or service and recommends it they will often look it up. Even the two members who have not purchased anything said they looked up several companies based on podcast ads. Ultimately, they didn't make a purchase but surprisingly the reasons were more logistical than anything else. They live in Finland and the company services they were interested in simply weren't available here.

Also, it was noticeable from the discussion that some host are so good at the ads that it is even entertaining to listen to them. In every such case it is however the host talking about their own experience with the product or service and never just simply read from a script.

4.3 Research Process Summary

The combination of desktop research, qualitative interviews and focus group discussion proved to be an effective combination of tools to answer all the investigative questions and the research question.

5 Conclusion

In this chapter are answers to every investigative question and research question based on the results of the research conducted. Also provided are recommendations for anyone interested in utilizing podcasting as an advertising channel.

5.1 Key results

Both desktop and qualitative research was conducted successfully. Following are summarized answers to all investigative questions and research question.

IQ1. What is the podcasting environment like from the business perspective right now and what are the expected developments in near future?

Podcasting has been on the rise and by all accounts this trend will continue. More people are becoming regular listeners of podcast and in conjunction with that there are new podcasts being produced every month.

Podcast listening population is on average more educated and wealthier. More disposable income makes this an attractive population segment for business to advertise to.

IQ2. What is the current advertising situation in podcasting?

Podcast advertising is growing at a very pace as more companies are interested in trying it out as an advertising channel. The advertising spend is expected to double over the next three years. The competition to advertise through this channel may cause cost of advertising to rise.

While CPM is higher when compared to other digital advertising channels, podcasting is much more effective and provides consistently great results for business utilizing this channel.

IQ3. Is podcasting effective at targeting specific audiences?

Podcasting appears to be the perfect channel to target clearly defined audiences. These audiences also trust and respect the hosts of the podcast, which is another reason why advertising on podcasts appears to be so effective. Independent podcasting seems to be even better suited for this aspect of advertising.

RQ. Exploring the viability of independent podcasting as an advertising channel

Based on the research and answers to investigative question we can state that independent podcasting is not only viable advertising channel but also a very effective one. This is true for all forms of podcasting not only independent.

5.2 Recommendations

For any business interested in advertising via digital channels independent podcasting and podcasting in general should be a very attractive channel. While it is still somewhat uncharted territory it is becoming more popular by the day and by all accounts it seems to be very effective advertising channel. It is a great channel for companies advertising on international scale, but even on a local level, finding podcast charts for each country is very easy. If there's a local podcast near top of the charts I would recommend contacting them and discuss a potential partnership. Based on the results of this thesis it could turn out to be a very lucrative one.

5.3 Learning and Reflection

Writing this thesis has been a difficult yet rewarding process even if due to work engagements it took a lot longer than I would like. I am grateful for the opportunity to have studied such fascinating object as podcasting. I had to learn to rely on sources and get rid of all personal biases more than ever before. I believe my researching and communicative skill-set was increased through the process of writing the thesis as well.

References

Advertisecast 2017. Top reasons why you should be advertising on podcasts. URL: <https://www.advertisecast.com/top-reasons-to-advertise-on-podcasts>. Accessed: October 11 2017

Bond, S. 2015. Podcasting wins ear of advertisers. URL: <http://www.ft.com/cms/s/0/d8ff920a-c38b-11e4-9c27-00144feab7de.html#axzz3rY-hIP5rA>. Accessed: 15 November 2015.

Bridge Ratings 2017. 2017: Podcasting's breakthrough year. URL: <http://www.bridge-ratings.com/2017-podcastings-breakthrough-year/>. Accessed: October 11 2017.

Business Dictionary 2015. Advertising Channel. URL: <http://www.businessdictionary.com/definition/advertising-channel.html>. Accessed 12 December 2015.

Edison Research & Triton Digital 2017. The Infinite Dial 2017. URL: <http://www.edisonresearch.com/wp-content/uploads/2017/03/The-Infinite-Dial-2017.pdf>. Accessed 23 August 2017.

Edison Research 2015. Monthly podcast listeners grow to 46 million Americans 12+. URL: <http://www.edisonresearch.com/monthly-podcast-listeners-grow-46-million-americans-12/>. Accessed: 15 November 2015.

Financial Times Lexicon 2015. CPM. URL: <http://lexicon.ft.com/Term?term=cost-per-thousand>. Accessed 12 December 2015.

Grinapol, C. 2017. Podcast audience continues to rise according to annual report. URL: <http://www.adweek.com/digital/podcast-audience-continues-to-rise-according-to-annual-report/>. Accessed 25 August 2017.

Hanlon, A. 2017. The Segmentation, Targeting and Positioning model. URL: <http://www.smartinsights.com/digital-marketing-strategy/customer-segmentation-targeting/segmentation-targeting-and-positioning/>. Accessed August 22 2017

Johnston, M. 2013. CPM vs CPC vs CPA: How to Sell Display Ads. URL: <https://monetizepros.com/display-advertising/how-to-sell-display-ads-cpm-vs-cpc-vs-cpa/>. Accessed August 23 2017

Main, S. 2016. 4 things you should know about podcast advertising, according to pros. URL: <http://www.adweek.com/digital/4-things-you-should-know-about-podcast-advertising-according-pros-173829/>. Accessed October 12 2017.

McStay, A. 2016. Digital Advertising. 2nd ed. Palgrave. London.

Merriam-Webster 2015. Podcast. URL: <http://www.merriam-webster.com/dictionary/podcast>. Accessed 11 December 2015.

Reczek, R., Summers, C., Smith, R. URL: <https://hbr.org/2016/04/targeted-ads-dont-just-make-you-more-likely-to-buy-they-can-change-how-you-think-about-yourself>. Accessed: October 12 2017.

Russel, M. 2017. UK podcast statistics: 4 actionable stats for British podcast hosts. URL: <https://newmediaeurope.com/uk-podcast-statistics/>. Accessed 24 August 2017.

Siu, E. 2017. Podcast advertising: what you need to know. URL: <https://www.single-grain.com/blog-posts/content-marketing/podcast-advertising-what-you-need-to-know/>. Accessed: October 11 2017.

Statista 2017. Digital advertising spending worldwide from 2015 to 2020 (in billion U.S. dollars). URL: <https://www.statista.com/statistics/237974/online-advertising-spending-worldwide/>. Accessed 24 August 2017

Statista 2017. Number of smartphone users worldwide from 2014 to 2020 (in billions). URL: <https://www.statista.com/statistics/330695/number-of-smartphone-users-worldwide/>. Accessed 24 August 2017.

Stec, C. 20 October 2017. 20 display advertising stats that demonstrate digital advertising's evolution. Hubspot blog. URL: <https://blog.hubspot.com/marketing/horrifying-display-advertising-stats>. Accessed October 20 2017.

Appendices

Appendix 1: Focus Group Discussion Guide

Participants were selected based on following conditions:

- Being regular listener of a podcast,
- having previously bought a product or service based on an advertising in podcast (for two members)
- never purchasing anything based on advertising in podcast (for other two members).

Questions:

Q1: As a podcast listener what do you enjoy about your experience of listening to podcast?

Q2: What are your thoughts on advertising in podcasts?

Q3: How would you compare podcast advertising vs other type of advertising you encounter?

Q4: What contributed to you making a purchase based on podcast ad? / What stopped you from ever making purchase based on a podcast ad?

Each question only served as a start for a free-flowing discussion that was observed and notes were made on key points. There was not much need for moderation as each question was followed by in depth discussion that touched on all key points.